

**AMANI PUBLIC CHARTER SCHOOL**

**MOUNT VERNON, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**REPORT REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2016**

**(With Comparative Totals for 2015)**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Amani Public Charter School

**Report on the Financial Statements**

We have audited the accompanying financial statements of Amani Public Charter School, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amani Public Charter School as of June 30, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Amani Public Charter School's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Report Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016 on our consideration of Amani Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amani Public Charter School's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 20, 2016

AMANI PUBLIC CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016  
(With Comparative Totals for June 30, 2015)

<u>ASSETS</u>	June 30,	
	2016	2015
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,816,782	\$ 2,186,576
Cash in escrow	75,000	75,000
Grants and other receivables	174,742	233,104
Prepaid expenses and other current assets	14,614	36,680
TOTAL CURRENT ASSETS	3,081,138	2,531,360
<u>PROPERTY AND EQUIPMENT, net</u>	613,120	686,400
TOTAL ASSETS	\$ 3,694,258	\$ 3,217,760
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 172,259	\$ 46,441
Accrued expenses	63,389	46,708
Accrued payroll and benefits	237,193	204,099
Deferred revenue	315,330	190,089
Deferred lease incentive	2,850	4,191
TOTAL CURRENT LIABILITIES	791,021	491,528
<u>LONG-TERM LIABILITIES</u>		
Deferred lease liability	474,365	296,701
TOTAL LIABILITIES	1,265,386	788,229
<u>NET ASSETS</u>		
Unrestricted	2,413,864	2,429,531
Temporarily restricted	15,008	-
TOTAL NET ASSETS	2,428,872	2,429,531
TOTAL LIABILITIES AND NET ASSETS	\$ 3,694,258	\$ 3,217,760

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2016  
(With Comparative Totals for June 30, 2015)

	Year Ended June 30,			2015
	2016		Total	
	Unrestricted	Temporarily restricted		
Operating revenue and support:				
State and local per pupil operating revenue	\$ 5,826,325	\$ -	\$ 5,826,325	\$ 5,818,519
Governmental grants	329,155	-	329,155	362,032
Contributions	5,806	20,000	25,806	21,894
Contributed legal and educational services	49,522	-	49,522	117,931
Special events	583	-	583	7,484
Net assets released from restriction	<u>4,992</u>	<u>(4,992)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	6,216,383	15,008	6,231,391	6,327,860
Expenses:				
Program:				
Regular education	4,006,506	-	4,006,506	3,825,467
Special education	1,125,769	-	1,125,769	858,501
Management and general	1,097,667	-	1,097,667	948,356
Fundraising and special events	<u>2,108</u>	<u>-</u>	<u>2,108</u>	<u>2,641</u>
TOTAL EXPENSES	<u>6,232,050</u>	<u>-</u>	<u>6,232,050</u>	<u>5,634,965</u>
CHANGE IN NET ASSETS	(15,667)	15,008	(659)	692,895
Net assets at beginning of year	<u>2,429,531</u>	<u>-</u>	<u>2,429,531</u>	<u>1,736,636</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,413,864</u>	<u>\$ 15,008</u>	<u>\$ 2,428,872</u>	<u>\$ 2,429,531</u>

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016  
 (With Comparative Totals for June 30, 2015)

	Year ended June 30, 2016							Year Ended June 30, 2015	
	No. of positions	Program Services			Supporting Services				
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total		Total
Personnel Service Costs:									
Administrative Staff	12	\$ 398,512	\$ 65,591	\$ 464,103	\$ 482,857	\$ -	\$ 482,857	\$ 946,960	\$ 954,191
Instructional Personnel	32	1,524,865	499,061	2,023,926	-	-	-	2,023,926	1,683,489
Non-instructional Personnel	6	110,273	18,291	128,564	4,837	-	4,837	133,401	126,260
Total Salaries and Wages	50	2,033,650	582,943	2,616,593	487,694	-	487,694	3,104,287	2,763,940
Fringe benefits & payroll Taxes		438,466	125,686	564,152	105,149	-	105,149	669,301	566,771
Legal service		-	-	-	-	-	-	-	66,691
Accounting / Audit services		-	-	-	73,191	-	73,191	73,191	79,453
Other Purchased / Professional / Consulting services		255,828	101,669	357,497	73,601	1,486	75,087	432,584	408,758
Building and land rent / Lease		692,724	198,568	891,292	166,123	-	166,123	1,057,415	1,036,715
Repairs and maintenance		60,413	17,317	77,730	14,488	-	14,488	92,218	70,988
Insurance		19,169	5,495	24,664	4,597	-	4,597	29,261	25,027
Utilities		104,966	30,088	135,054	25,172	-	25,172	160,226	36,509
Supplies / Materials		115,463	13,276	128,739	-	622	622	129,361	147,025
Equipment / Furnishings		11,797	3,382	15,179	2,829	-	2,829	18,008	17,661
Staff development		61,097	7,025	68,122	8,827	-	8,827	76,949	17,688
Marketing / Recruitment		8,590	1,880	10,470	1,247	-	1,247	11,717	6,791
Technology		16,265	3,604	19,869	2,422	-	2,422	22,291	25,453
Food service		80,013	9,200	89,213	-	-	-	89,213	96,722
Student services		31,110	3,577	34,687	-	-	-	34,687	39,157
Office expense		76,792	22,012	98,804	18,416	-	18,416	117,220	93,992
Depreciation and amortization		-	-	-	108,059	-	108,059	108,059	120,824
Other		163	47	210	5,852	-	5,852	6,062	14,800
		<u>\$ 4,006,506</u>	<u>\$ 1,125,769</u>	<u>\$ 5,132,275</u>	<u>\$ 1,097,667</u>	<u>\$ 2,108</u>	<u>\$ 1,099,775</u>	<u>\$ 6,232,050</u>	<u>\$ 5,634,965</u>

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016  
(With Comparative Totals for June 30, 2015)

	<u>Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (659)	\$ 692,895
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	108,059	120,824
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	58,362	103,567
Prepaid expenses and other current assets	22,066	24,863
Accounts payable	125,818	(24,920)
Accrued expenses	16,681	13,873
Accrued payroll and benefits	33,094	34,137
Deferred revenue	125,241	108,917
Deferred lease incentive	(1,341)	(1,341)
Deferred lease liability	<u>177,664</u>	<u>296,701</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	664,985	1,369,516
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(34,779)</u>	<u>(244,707)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(34,779)</u>	<u>(244,707)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	630,206	1,124,809
Cash and cash equivalents at beginning of year	<u>2,186,576</u>	<u>1,061,767</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,816,782</u>	<u>\$ 2,186,576</u>

The accompanying notes are an integral part of the financial statements.



AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Amani Public Charter School (“the Charter School”) is an educational corporation that operates as a charter school in Mount Vernon, New York. On December 14, 2010, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. The charter was renewed on April 11, 2016 for a term of three years. The Charter School was established to provide its students in grades 5-8 with the academic skills necessary to succeed in competitive high school programs, college and career of their choice.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

*Permanently restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Charter School. The Charter School had no permanently restricted net assets at June 30, 2016 or 2015.

*Temporarily restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School pursuant to those stipulations. At June 30, 2016 the Charter School had \$15,008 of temporarily restricted net assets, which were restricted for scholarships and school improvements. The Charter School had no temporarily restricted net assets at June 30, 2015.

*Unrestricted* – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents are maintained at financial institutions located in Mount Vernon, New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Charter School maintained cash in an escrow account in accordance with the terms of its Charter agreement.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2016 and 2015.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to fifteen years.

Deferred lease liability

The Charter School leases its facility. The lease contains pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts payable under the lease as a deferred lease liability.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income. The Charter School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require “specialized skills” and would typically not be purchased if they were not contributed.

The Charter School received contributed educational services which were valued at approximately \$50,000 and \$51,000 which are included in the accompanying statements of activities and changes in net assets for the years ended June 30, 2016 and 2015, respectively. The Charter School also received legal services valued at approximately \$67,000 which are included in the accompanying statements of activities and changes in net assets for the year ended June 30, 2015. There were no contributed legal services received during the year ended June 30, 2016.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$12,000 and \$7,000 for the years ended June 30, 2016 and 2015, respectively.

Deferred lease incentive

The Charter School leases its office equipment. The lease escalated the original lease payments and caused a buy-out from the prior lease. In accordance with GAAP, the Charter School recognizes the related buy-out credit on a straight-line basis and records the difference between the recognized lease credit and the amounts receivable under the lease as a deferred lease incentive.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2015

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School’s financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 20, 2016, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: SCHOOL FACILITY

The Charter School leased its facilities from Friendship Worship Center Agape Community Development Corp. LTD through December 2014. Monthly rental payments including utilities amounted to \$22,629. The Charter School also leased a gymnasium space from the same lessor for \$2,200 per month through December 31, 2014. The Charter School entered a lease agreement in September 2013 with the Church of St. Ursula for additional facilities at \$7,675 per month through August 31, 2014.

Beginning September 1, 2014, the Charter School leases facilities from T & Z Partners, Inc. through August 30, 2029 with the option to renew for an additional 15 years. Current monthly rental payments are \$74,737. Other expenses in excess of the first year's base costs will be paid for by the Charter School. As of April 1, 2016, base rent will increase every year by the Per Pupil Funding rate increase up to 3%, as indicated by the New York State Education Department. In years where the Per Pupil Funding is below 3% the remaining amount will be deferred to a period where the rate is above 3% and be included in base rent for that lease year. Total rent expenses paid for the years ended June 30, 2016 and 2015 was approximately \$1,057,000 and \$1,037,000, respectively. Total approximate square footage usage for all facilities as of June 30, 2016 and 2015 was 45,000.

The future minimum payments on these agreements, assuming a 3% increase per year, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 903,568
2018	930,675
2019	958,595
2020	987,353
2021	1,016,974
Thereafter	<u>9,534,077</u>
	<u>\$ 14,331,242</u>

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 234,917	\$ 215,259
Office equipment	210,307	200,177
Leasehold improvements	<u>534,903</u>	<u>529,912</u>
	980,127	945,348
Less accumulated depreciation and amortization	<u>367,007</u>	<u>258,948</u>
	<u>\$ 613,120</u>	<u>\$ 686,400</u>

NOTE D: LINE OF CREDIT

During April 2013 the Charter School obtained a \$75,000 Line of Credit, which provides for interest at 1.5% over the Prime Rate (effective rate of 5.0% as of June 30, 2016). As of June 30, 2016 and 2015, there were no outstanding balances. The line is secured by all assets of the Charter School.

NOTE E: COMMITMENTS

During September 2013, the Charter School canceled its lease of office equipment under a lease agreement that would have expired November 2015. The Charter School entered into new leases for office equipment under a non-cancelable lease agreement that will expire August 2018. Associated with this new lease the Charter School received a buy-out for the remaining payments for its prior lease totaling \$6,705. The Charter School recorded the total buy-out amount as a deferred lease incentive and will recognize approximately \$100 per month for the duration of the new lease as other income. The Charter School recognized approximately \$1,300 for each of the years ended June 30, 2016 and 2015. The Charter School leases other office equipment under lease agreements that expire at various dates through December 2020. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 59,772
2018	59,772
2019	33,442
2020	22,926
2021	<u>11,186</u>
	<u>\$ 187,098</u>

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

(With Comparative Totals for June 30, 2015)

NOTE E: COMMITMENTS, Cont'd

The Charter School's landlord is currently making leasehold improvements to the Charter School's facility. In accordance with the terms of the lease, once construction is complete, the School will be required to reimburse the landlord for the leasehold improvements. Upon completion, the School expects to repay approximately \$3,000,000 to the landlord in monthly payments over 15 years plus interest at 7%.

NOTE F: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Plan allows for a discretionary employer match contribution. The Charter School made no contributions to the plan for the years ended June 30, 2016 and 2015.

NOTE G: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE H: CONCENTRATIONS

At June 30, 2016, approximately 44% and 29% of grants and other receivables were due from the New York State Department of Education and the City of Mount Vernon, respectively, relating to certain grants.

At June 30, 2015, approximately 23% and 59% of grants and other receivables were due from the New York State Department of Education and the City of Mount Vernon, respectively, relating to certain grants.

During the years ended June 30, 2016 and 2015, 93% and 92%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

**AMANI PUBLIC CHARTER SCHOOL**

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Amani Public Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amani Public Charter School, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Amani Public Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amani Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Amani Public Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Amani Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Amani Public Charter School in a separate letter dated October 20, 2016.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 20, 2016